

The President's Daily Brief

28 March 1973

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TURKEY

President Sunay's term ends today and no successor has been named. The armed forces are split on how to react to the politicians' rejection of the military's choices for a new president

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FOR THE PRESIDENT ONLY

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PRINCIPAL DEVELOPMENTS

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The price of gold has reached a record high [redacted]
[redacted] Meanwhile, the Japanese are trying to keep the yen's appreciation at about 16 percent. (Page 1)

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Libya is providing support to Oman in its fight against guerrillas backed by Yemen (Aden). (Page 3)

Chile has a new cabinet. (Page 4)

Australian Prime Minister Whitlam has defended the ANZUS Alliance. (Page 5)

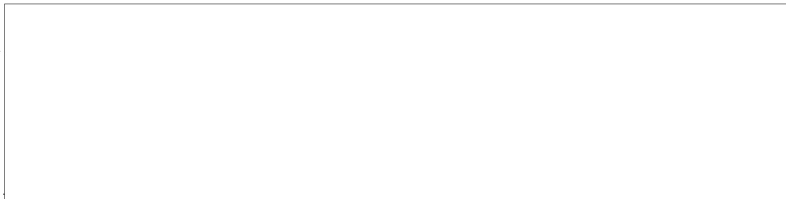
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INTERNATIONAL MONETARY DEVELOPMENTS

The price of gold reached a record high of over \$90 an ounce yesterday.

A recent forecast by a prominent London gold trader that the price will go over \$100 an ounce this year probably was the major factor in the rise.



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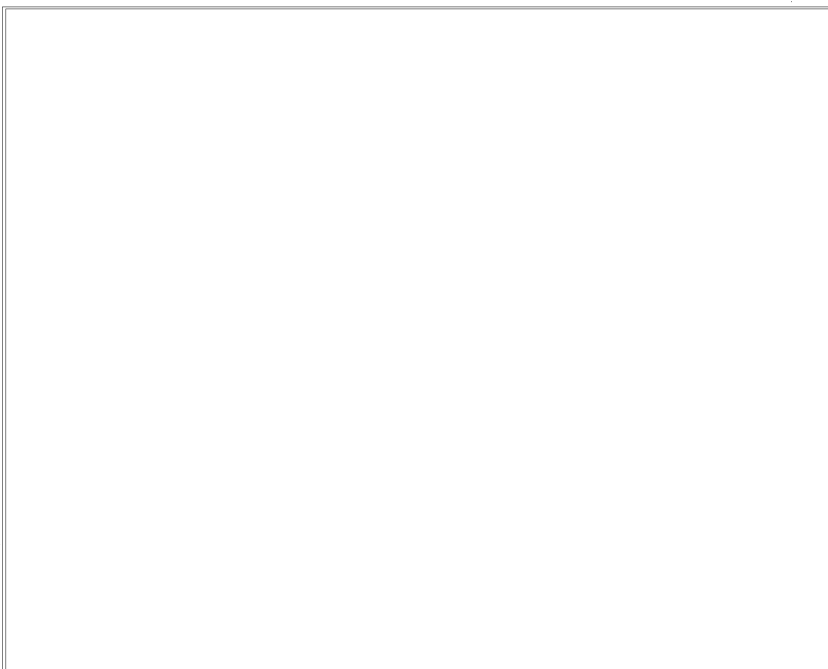
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The central bank is intervening heavily in Tokyo's foreign exchange market to maintain the yen appreciation of about 16 percent compared with its old central rate. During the last two days, the Bank of Japan sold an estimated \$240 million to prevent strong demand for dollars from eroding the yen-dollar exchange rate.

These sales reflect the need of commercial banks to rebuild dollar balances to required end-of-the-month levels, continued rapid growth in imports, and one-time payments to the US for uranium enrichment services and equipment for nuclear power plants. Some weakening of the dollar is likely after the end of the month, and contracts to buy yen in the future indicate an even higher appreciation to come.

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LIBYA-US

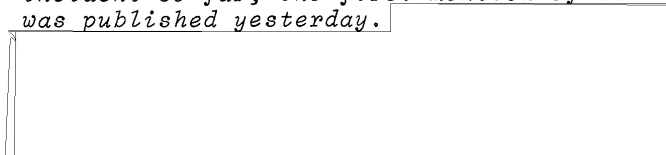


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Libyan Air Force fighters are now on 24-hour alert with orders to attack any foreign military aircraft that appears to be reconnoitering the Libyan coast, according to a senior Libyan air defense officer. The officer said that the attack on the RC-130 last week was not per se an anti-American act and that Libya's reaction would have been the same if the plane had been Soviet or French.

In fact, neither the Soviets nor the French fly reconnaissance in this area. Libya appears serious about enforcing the 100-mile restricted flight zone it has declared around Tripoli, and the chances are good that, given the opportunity, it will try to bring down a reconnaissance plane.

Libya's press has been quiet about the incident so far; the first mention of it was published yesterday.



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LIBYA-OMAN

Libyan President Qadhafi has apparently decided to provide about \$30 million to support Oman's military effort against guerrillas in the western Omani Province of Dhofar.

Qadhafi would like to extend his influence in the Persian Gulf states. He also finds it natural to support a fellow Muslim state against forces backed by the Marxist leaders of Yemen (Aden).

The Libyan aid should help to ease some of Oman's financial problems. Saudi Arabian financial and military aid to Oman has not reached expected levels, and the Omani defense budget has nearly doubled since 1971 because of the fighting in Dhofar.

The Omanis currently depend primarily on the UK and Iran for military support. British officers are the mainstay of the Omani Army, and two British Army support units operate in Dhofar. Iran recently sent a 150-man combat unit and nine helicopters to Oman. The guerrillas receive most of their support from Yemen (Aden), which funnels Soviet arms across the border into Dhofar.

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CHILE

The cabinet sworn in by President Allende yesterday appears to be a compromise meant to alleviate growing dissension within his Popular Unity coalition. There are five new ministers.

The important decision not to reappoint members of the armed forces as ministers is a concession to the radical wing of Allende's Socialist Party. None of the Socialist ministers named, however, is identified with that group's extremist policy. The retention of only three ministries was probably made palatable to Communist Party leaders by the selection of moderate Socialists and of several additional ministers from insignificant coalition parties.

Before swearing in the new cabinet, Allende said that the military will play a major role in further economic development programs. Such assurances, however, sound hollow, because he retained development chief Vuskovic and other top economic officials known for their radical policies.

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AUSTRALIA

Prime Minister Whitlam has made his most forthright defense to date of the ANZUS Alliance. In remarks on March 25 to a conference of the Victoria State Labor Party, the stronghold of the party's left, Whitlam stressed his commitment to agreements covering US military and scientific installations in Australia. He told his audience that the party had no "mandate" to break agreements with the US, and urged the leftists not to "blame the Yanks for everything you don't like in this country."

Whitlam's comments helped to defeat a draft resolution calling for removal of US facilities, but an amended measure opposing new US installations did pass. Although left-wing resistance within the party may delay approval of the US Omega navigational aid station now under consideration, Deputy Prime Minister Barnard has assured the US Ambassador that these political problems can be resolved satisfactorily.

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NOTES

CSCE: The multilateral preparatory talks in Helsinki, leading to convocation of a Conference on Security and Cooperation in Europe in June, are making progress. The US delegation expects that when this round recesses for two weeks on April 6, draft mandates will have been produced on "principles of security," economic cooperation, and increasing human contacts between East and West. Such drafts will then be subject to intensive NATO (and perhaps Warsaw Pact) consultations. The question of a fourth mandate, for establishment of permanent machinery to follow up the conference, which the Soviets have been pushing against Western resistance, is not likely to be resolved before the April recess.

South Vietnam: The bilateral talks in Paris between the Thieu government and the Viet Cong are making little progress. After three formal sessions, the two sides have agreed that the agenda should include the question of general elections for South Vietnam and the creation of the Council for National Reconciliation and Concord. Saigon wants to add the question of the demobilization of Vietnamese armed forces, including the withdrawal of Hanoi's troops; the Viet Cong want the subject of "democratic liberties" in South Vietnam on the agenda. Each side is trying to pin responsibility on the other for the slow pace of the talks, and both may be waiting to see what happens after withdrawal of US troops and President Thieu's meeting with President Nixon next week.

India: The outlook for the important spring wheat crop has improved in the northern and western parts of the country, due to better weather conditions in the past month. Drought continues, however, to hurt spring crops in other sections of India. The improved prospects for the wheat crop--which accounts for two thirds of total spring foodgrains--probably has reinforced the government's earlier decision to delay buying large amounts of foreign foodgrains because of high prices and tight supplies. In the meantime, there is hunger in many areas, and the current situation apparently is more serious than official statements indicate.

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